

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

STARRED QUESTION NO:45
ANSWERED ON:03.12.2004
TRADE POLICY PERTAINING TO FARM SECTOR
Singh Shri Prabhunath

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether the Government has recently announced its five years trade policy;
- (b) if so, focus of the trade policy pertaining to farm sector in the country;
- (c) the expectations with regard to country's share in the world exports on the introduction of new trade policy and the manner in which the projected target of world share is proposed to be achieved;
- (d) the sectors identified for employment generation and export promotion; and
- (e) the new incentives proposed for the export oriented units to boost the exports?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S. ELANGO VAN)

- (a) The first comprehensive, integrated Foreign Trade Policy 2004-09 was announced on 31st August, 2004.
- (b) The Policy has identified Agriculture as a Special Focus Initiative Sector. A number of incentives including a Vishesh Krishi Upaj Yojana have been included.
- (c) One of the objectives of the new Foreign Trade Policy is to double the percentage share of global merchandise trade within the next five years. The objectives are proposed to be achieved by adopting strategies as outlined in chapter 1 of the Foreign Trade Policy.
- (d) & (e) A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (d) to (e) OF THE LOK SABHA STARRED QUESTION NO. 45 FOR ANSWER ON 3.12.2004 REGARDING TRADE POLICY PERTAINING TO FARM SECTOR

(d) With a view to doubling our percentage share of global trade within 5 years and expanding employment opportunities, especially in semi urban and rural areas, certain special focus initiatives have been identified for the agriculture, handlooms, handicraft, gems & jewellery and leather sectors. Government is making concerted efforts to promote exports in these sectors by specific sectoral strategies, which shall be notified from time to time.

(e) Some of the new incentives announced for Export oriented Units in the Foreign Trade Policy are:-

1. EOU's shall be exempted from Service Tax in proportion to their exported goods and services.
2. EOU's shall be permitted to retain 100% of export earnings in EEFC accounts.
3. Income Tax benefits on plant and machinery shall be extended to DTA units which convert to EOU's.
4. Import of capital goods shall be on self-certification basis for EOU's.
5. For EOU's engaged in Textile & Garments manufacture leftover materials and fabrics upto 2% of CIF value or quantity of import shall be allowed to be disposed of on payment of duty on transaction value only.
6. Minimum investment criteria shall not apply to Brass Hardware and Hand-made Jewellery EOU's (this facility already exists for Handicrafts, Agriculture, Floriculture, Aquaculture, Animal Husbandry, IT and Services sectors).

